

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

INFINITY Q DIVERSIFIED ALPHA FUND,

Defendant.

22 Civ. 9608 (PKC)

SPECIAL MASTER’S PROPOSED AMENDED DISTRIBUTION PLAN

The undersigned Special Master, appointed by this Court’s order dated January 10, 2023, as amended March 10, 2023 (the “Order”), submits for the Court’s approval, in accordance with paragraph 2.C of the Order, this Proposed Amended Distribution Plan for the Infinity Q Diversified Alpha Fund (the “Fund”), a series of Trust for Advised Portfolios (“TAP”). As set forth in greater detail below, I propose to distribute \$487,384,067 (less distribution expenses) (the “Distribution”), leaving a Special Reserve, as defined in the Order, of \$100 million to cover the Fund’s remaining administrative expenses and incurred and potential legal liabilities. Once this Court enters an order approving the Amended Distribution Plan, I expect the Distribution to be made promptly (likely within 60 days of entry of the order). Unless otherwise defined herein, capitalized terms have the meaning ascribed to them in the Order.

1. As of January 31, 2024, the Fund’s total assets were \$587,384,067, all of which are invested in Fidelity Government Portfolio Class I, a money market mutual fund whose shares are maintained in custody on behalf of the Fund with U.S. Bank. The Fund’s total assets include accrued dividends at January 31, 2024 of \$2,594,317. Of the Fund’s total assets, the TAP Board

of Trustees had previously set aside \$562,451,129 as a Special Reserve to cover litigation expenses and indemnification obligations of, and potential claims against, the Fund and its Indemnitees, as defined in the Order. Numerous litigations, including the Mediated Securities Class Actions, have been brought against the Fund, its Indemnitees, and others to recover alleged losses resulting from the mismarking fraud committed by the Fund's investment advisor.

2. On December 21, 2023, the Supreme Court of the State of New York approved the proposed settlement of the Mediated Securities Class Actions. The settlement fully resolved the Mediated Securities Class Actions without the contribution of any money from the Special Reserve and substantially reduced the litigation exposure faced by the Fund and its Indemnitees. No appeal having been taken, the New York Supreme Court's approval of the settlement became final on January 22, 2024.

3. In proposing this Distribution and reduction in the Special Reserve, I have taken into account that there remain cases pending against the Fund and its Indemnitees brought by parties who opted-out of the Mediated Securities Class Action Settlement, namely, the plaintiffs in *Glenmede*, *Flint Hills*, and *Carson* (the "Opt-Out Cases"), in New York Supreme Court. Although the Order stayed these cases as against the Fund, its trustees and officers, and certain Indemnitees, it did not dismiss them. Consequently, the Fund and certain Indemnitees continue to face litigation expenses and, potentially, damages in the Opt-Out Cases. The proposed Distribution and reduced Special Reserve also takes into account incurred liabilities and certain additional potential liabilities and operational expenses of the Fund, including anticipated expenses of the Special Litigation Committee appointed by TAP's Board of Trustees, whose work is ongoing, and the Special Master. I plan to make a final distribution, and possibly another interim distribution, as these Fund obligations are reduced or resolved.

4. I propose to make the Distribution in accordance with the methodology set forth in the Plan of Distribution of Assets adopted by TAP's Board of Trustees on November 8, 2021 (the "Plan"), with certain offsets as further described in the Shareholder Notice Regarding the Interim Distribution dated November 8, 2021 ("Interim Distribution Notice"), and Shareholder Notice Regarding the Second Interim Distribution dated April 15, 2022 ("Second Interim Distribution Notice"). The Plan, Interim Distribution Notice, and Second Interim Distribution Notice are annexed hereto as **Exhibits A, B and C**, respectively.

5. Section II.A of the Plan provides that distributions shall be made to shareholders who held shares of the Fund on February 18, 2021, the date the final net asset value ("NAV") for the Fund was struck, as follows:

the assets of the Fund attributable to each class of shares will be distributed to the Distributees pro rata based on the number of shares the Distributee held in that Class on the Measurement Date relative to the aggregate shares held by all Distributees in that Class on the Measurement Date, less any offsetting claims the Fund has against that Distributee. Any distribution to Infinity Q or a present or former principal, officer or director of Infinity Q will be withheld until resolution of the offsetting claims that may apply to such distribution.

6. The Interim Distribution Notice provided that offsets shall be made as follows:

In calculating each shareholder's pro rata share, the Fund may make offsets based on any amounts previously received by that shareholder on a prior redemption of Fund shares pursuant to a NAV that the Fund determined was overstated.

7. The Second Interim Distribution Notice provided with respect to offsets as follows:

In calculating each shareholder's pro rata share, the Fund will also make offsets based on any amounts previously received by that shareholder on prior purchases and redemptions of Fund shares pursuant to NAVs that the Fund determined was overstated.

8. According to FAQ 2A.7 accompanying the Second Interim Distribution Notice:

. . . each shareholder account will not necessarily receive the full amount per share. In calculating each shareholder's pro rata share, the Fund will also make offsets based on that shareholder's net gains from prior acquisitions and

redemptions of Fund shares (before February 19, 2021) pursuant to NAVs that the Fund determined were overstated. Similarly, there are a number of current shareholder accounts for which the Fund is holding back the entire second interim distribution based on amounts previously received by that shareholder on one or more prior purchases and redemptions of Fund shares pursuant to a NAV that the Fund has determined was overstated. The Fund provided to each intermediary or custodian the precise dollar amount per share and dollar amount of the second interim distribution for any shareholder account that received less than the full per share amount referenced above. Shareholders who were subject to an offset may request a calculation of their offset by asking their intermediary or custodian to obtain it from the Fund. For more information, please see Shareholder Notice Regarding the Second Interim Distribution. In addition, with respect to all intermediaries and custodians that the Fund has paid the second interim distribution, as of June 29, 2022, the Fund has distributed to the intermediaries and custodians individualized offset calculations for any shareholder account that was subject to an offset in the second interim distribution. Thus, if you did not receive a second interim distribution or received only a partial distribution you may ask your intermediary or custodian to provide a copy of the offset calculation for your specific account(s).

The FAQs were published on the Fund's website and are attached hereto as

Exhibit D.

9. Based on the Plan and historical practice, I propose to make this Distribution to shareholders in each of the two share classes (Investor Shares and Institutional Shares) on a pro rata basis based on the number of shares held by each shareholder in the relevant share class, subject to the same offsets as prior distributions described in paragraphs 6-8 above, and using the same measurement date (February 18, 2021) as was used in the prior distributions to calculate the number of shares in each class.¹

¹ On November 1, 2023, I proposed a distribution of the Fund's 2023 net income using this same methodology. ECF 65-1. The Court approved that distribution by order entered November 30, 2023. ECF 70.

For the foregoing reasons, I respectfully request that the Court approve this proposed amended distribution plan.

Dated: Stamford, Connecticut
February 26, 2024

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'AMC', with a long horizontal flourish extending to the right.

Andrew M. Calamari